

SUMMARY

A well-trained, college-educated workforce is key to a strong American economy and middle class. The economic crisis, combined with rising tuition prices and declining state support for higher education, threatens to put college out of reach for many students – forcing them to take a semester off or even skip college. Allowing students to be priced out of a college education will only further weaken our workforce and our economy. Economists, the business community, scientists and others agree that making strategic investments in education is a smart move to grow our economy and regain our competitive edge in the 21st century global economy.

Economists tell us that strategic investments in education are one of the best ways to help America become stronger, and more productive and competitive. This recovery package will make bold investments to provide children with a 21st century education, modernize our schools and colleges, and make college more affordable. Making investments to modernize our schools will create tens of thousands of jobs. Economists estimate that, overall, this recovery package will save or create more than 250,000 jobs in the education and health care sectors.

EDUCATION TAX INCENTIVES TO SUPPORT LOCAL SCHOOL DISTRICTS

American Opportunity” education tax credit. The bill would provide financial assistance for individuals seeking a college education. For 2009 and 2010, the bill would provide taxpayers with a new “American Opportunity” tax credit of up to \$2,500 of the cost of tuition and related expenses paid during the taxable year. Under this new tax credit, taxpayers will receive a tax credit based on one hundred percent (100%) of the first \$2,000 of tuition and related expenses (including books) paid during the taxable year and twenty-five percent (25%) of the next \$2,000 of tuition and related expenses paid during the taxable year. Forty percent (40%) of the credit would be refundable. This tax credit will be subject to a phase-out for taxpayers with adjusted gross income in excess of \$80,000 (\$160,000 for married couples filing jointly). This proposal is estimated to cost \$13.907 billion over 10 years.

Benefits for Pennsylvania: \$2,500 for 138,000 additional families in Pennsylvania that will qualify for the new American Opportunity Tax Credit that makes college more affordable for 3.8 million families nationwide.

Helps more than 4 million additional students attend college with a new, \$2,500 tax credit for families, which is partially refundable. As a result, the nearly one-fifth of high school seniors who currently would receive no tax credit will receive a tax cut to make college affordable for the first time.

Qualified school construction bonds. The bill creates a new category of tax credit bonds for the construction, rehabilitation, or repair of public school facilities or for the acquisition of land on which a public school facility will be constructed. There is a national limitation on the amount of qualified school construction bonds that may be issued by State and local governments of \$22 billion (\$11 billion allocated initially in 2009 and the remainder allocated in 2010). There is a national limitation on the amount of qualified school construction bonds that may be issued by Indian tribal governments of \$400 million (\$200 million allocated initially in 2009 and the remainder allocated in 2010). This proposal is estimated to cost \$9.877 billion over 10 years.

Extension and increase in authorization for qualified zone academy bonds (QZABs). The bill would allow an additional \$1.4 billion of QZAB issuing authority to State and local governments in 2009 and 2010, which can be used to finance renovations, equipment purchases, developing course material, and training teachers and personnel at a qualified zone academy. In general, a qualified zone academy is any public school (or academic program within a public school) below college level that is located in an empowerment zone or enterprise community and is designed to cooperate with businesses to enhance the academic curriculum and increase graduation and employment rates. QZABs are a form of tax credit bonds which offer the holder a Federal tax credit instead of interest. This proposal is estimated to cost \$1.045 billion over 10 years.

EDUCATION AND STUDENT LOAN SPENDING TO SUPPORT STUDENTS, PARENTS, AND SCHOOL DISTRICTS

Preventing Teacher Layoffs and Cuts in Education and Other Key Services by the States. Budget deficits are already projected for 39 states for the upcoming FY 2010. Initial estimates of these shortfalls total over \$80 billion. As the full extent of FY months, 29 states have implemented cuts in education due to budget shortfalls – for example, Georgia has cut aid to school districts by \$95 per pupil; the University of Florida has eliminated 430 faculty and staff positions; and the University of Kentucky is raising its tuition 9 percent; Unless the recovery package is enacted, school districts across the country will have to enact further cuts. There are newspaper stories from across the country. “As many as 2,300 teachers could face midyear layoffs because of the state budget crisis, Los Angeles Unified School District officials said.” (Los Angeles Times, 1/7/09) “Local school officials are preparing for drastic budget cuts...Most Marion and Polk County school districts are considering shortening the school year, asking staff to take salary cuts, or eliminating programs.” (Statesman Journal – Oregon, 1/21/09); Slashing education services undermines future economic growth in a state. This recovery package, by preventing these cutbacks, will enhance future economic growth.

Therefore, the bill:

- Creates a \$53.6 billion state stabilization fund to help prevent education-related layoffs and restore harmful cuts to education funding, including :
 - o \$39.5 billion to local school districts using existing funding formulas, which can be used for preventing cutbacks, preventing layoffs, school modernization, or other purposes;
 - o \$5 billion to states as bonus grants for meeting key performance measures in education; and
 - o \$8.8 billion to states for high priority needs such as public safety and other critical services, which may include education and for modernization, renovation, and repairs of public school facilities and institutions of higher education facilities.

Making College More Affordable

- Increases the higher education tax credit to a maximum of \$2,500. Also makes it available to nearly 4 million low-income students who had not had any access to the higher education tax credit in the past – by making it partially refundable.
- Increases the maximum Pell Grant by \$500, for a maximum of \$5,350 in 2009 and \$5,550 in 2010.
- Adds \$200 million to the vital College Work-Study program.

Investing in Early Childhood Development

- Provides \$1.1 billion for Early Head Start and \$1 billion for Head Start, which provide comprehensive development services to low-income infants and preschool children – thereby providing services for 124,000 additional infants and children.
- Provides \$2 billion for the Child Care Development Block Grant to provide child care services to an additional 300,000 children in low-income families while their parents go to work.

Providing Other Key Education Investments

- Provides \$13 billion for Title I grants to help disadvantaged kids reach high academic standards – ensuring that in this period of tight state and local budgets these vital services are maintained.
- Provides \$12.2 billion for grants for IDEA (Special Education) to increase the federal share of these costs, and prevent these mandatory costs from forcing states to cut other areas of education.

BENEFITS FOR PENNSYLVANIA'S SEVENTH DISTRICT

Specifically for the 7th Congressional District:

- \$1.6 billion through the State Fiscal Stabilization Fund to local school districts and public colleges and universities in addition to incentive grants as a reward for meeting key education performance measures and additional funding for other high priority needs such as public safety and other critical services, which may include education
- \$426.6 million for Special Education Part B State Grants to help improve educational outcomes for individuals with disabilities, raising the federal contribution to nearly 40 percent, the level established when the law was authorized more than 30 years ago
- \$25.4 million in education technology funds to purchase up-to-date computers and software

and provide professional development to ensure the technology is used effectively in the classroom

- \$523.8 million for Title I Education for the Disadvantaged to help close the achievement gap and enable disadvantaged students to reach their potential

CONTACT INFORMATION

Grants to fund arts projects in non-profit sector \$50 National Endowment for the Arts--
202-682-5400 <http://www.nea.gov>

Funding for 'Title I' education programs for disadvantaged children \$13,000 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Construction funding for school districts without a local property-tax base \$100 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Funding for school computer and science laboratories and technology training for teachers \$650 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Funding for services to homeless children including meals and transportation \$70 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Grants for states to address teacher shortages \$200 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Grants for special education programs \$12,200 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Grants to states for vocational rehabilitation for disabled people \$540 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Grants to states for independent living centers and services for elderly blind people \$140 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Increase in Pell Grant to \$5,350 in 2009 and to \$5,550 in 2010, and other increases to student aid \$17,114 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Team Lead, Nancy Klingler-- 215-656-6436

Money to increase size of colleges' student aid funds \$60 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Money for colleges' work-study programs \$200 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Grants for teacher training and professional development \$100 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Funding for grants for states to create systems tracking individual student data \$250
Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Department of Education spending oversight \$14 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Extra money for AmeriCorps volunteer programs \$160 Corporation for National and Community Service <http://www.nationalservice.gov/about/recovery/index.asp>
Michael Holtmann—202-682-5400
Extra money for National Service Trust volunteer programs \$40 Corporation for National and Community Service <http://www.nationalservice.gov/about/recovery/index.asp>
Michael Holtmann—202-682-5400
Corporation for National and Community Service spending oversight \$1 Corporation for National and Community Service <http://www.nationalservice.gov/about/recovery/index.asp>
Michael Holtmann—202-682-5400
Aid to states to balance education budgets, prevent cutbacks and modernize schools \$40,600
Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010
Aid to states in form of bonus grants for meeting key performance measures in education \$5,000 Department of Education <http://www.ed.gov/policy/gen/leg/recovery/index.html>
Philadelphia Regional Department 215-656-6010